

**Louisiana Local Government  
Environmental Facilities and  
Community Development Authority  
Baton Rouge, Louisiana  
December 31, 2011**

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June 28, 2012

**Independent Auditor's Report**

Officers and Trustees  
Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

We have audited the accompanying statements of net assets of the

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
(A Quasi-Public Organization)  
Baton Rouge, Louisiana**

as of December 31, 2011 and 2010, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Local Government Environmental Facilities and Community Development Authority as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report, dated June 28, 2012, on our consideration of the Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Yours truly,

*Hawthorn, Weymouth + Carroll, LLP*

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Management's Discussion and Analysis**

The following is management's discussion and analysis of the financial performance of the Louisiana Local Government Environmental Facilities and Community Development Authority. It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, including notes to the financial statements.

The mission of the Authority is "to provide economic development, infrastructure, and environmental facilities, to assist political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure and environmental facilities, and to assist in the financing of such needs by political subdivisions of this state."

***FINANCIAL HIGHLIGHTS***

The Authority's total assets increased \$871,221, and unrestricted net assets increased by \$880,199.

Cash increased \$867,402.

Total revenues decreased \$1,391,737, primarily due to issuer fees income which decreased \$716,737.

Total expenses increased \$41,655.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

An explanation of the financial statements is as follows:

*Statements of Net Assets*

This statement presents the assets, liabilities and net assets as of December 31, 2011 and 2010.

*Statements of Activities*

This statement presents the results of the Authority's operations during the years ended December 31, 2011 and 2010.

*Statements of Cash Flows*

This statement reflects the cash inflows and outflows for each year that have a direct impact on the cash account.

*Notes to the Financial Statements*

The notes provide additional information that is essential to a complete understanding of the data presented in the financial statements.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS**

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2011, 2010 AND 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
TOTAL ASSETS	<u>\$8,867,612</u>	<u>\$7,996,391</u>	<u>\$5,677,296</u>
LIABILITIES	\$ 68,320	\$ 100,683	\$ 114,566
NET ASSETS	<u>8,799,292</u>	<u>7,895,708</u>	<u>5,562,730</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$8,867,612</u>	<u>\$7,996,391</u>	<u>\$5,677,296</u>

**STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2011, 2010, AND 2009**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUE	\$1,428,334	\$2,820,071	\$5,374,046
OPERATING EXPENSES	<u>531,283</u>	<u>489,628</u>	<u>440,358</u>
OPERATING INCOME	897,051	2,330,443	4,933,688
OTHER REVENUE	<u>6,533</u>	<u>2,535</u>	<u>266</u>
CHANGE IN NET ASSETS	<u>\$ 903,584</u>	<u>\$2,332,978</u>	<u>\$4,933,954</u>

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana, 70809-2233.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Statements of Net Assets  
December 31, 2011 and 2010**

<b>A s s e t s</b>		<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Current Assets</b>			
Cash		\$8,781,876	\$7,914,474
Accounts receivable		276	29,157
Prepaid expenses		<u>38,633</u>	<u>29,318</u>
Total current assets		8,820,785	7,972,949
<b>Fixed Assets, Net</b>		<u>46,827</u>	<u>23,442</u>
Total assets		<u><u>\$8,867,612</u></u>	<u><u>\$7,996,391</u></u>
 <b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable		\$ 7,810	\$ 5,627
Deferred revenue		—	37,500
Other liabilities		<u>60,510</u>	<u>57,556</u>
Total current liabilities		<u>68,320</u>	<u>100,683</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt		46,827	23,442
Unrestricted		<u>8,752,465</u>	<u>7,872,266</u>
Total net assets		<u>8,799,292</u>	<u>7,895,708</u>
Total liabilities and net assets		<u><u>\$8,867,612</u></u>	<u><u>\$7,996,391</u></u>

The accompanying notes are an integral part of these statements.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Statements of Activities  
Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Revenue</b>		
Issuer fees	\$ 117,834	\$ 834,571
Application fees	500	500
Program administration fees	160,000	160,000
Program termination income	<u>1,150,000</u>	<u>1,825,000</u>
Total revenues	<u>1,428,334</u>	<u>2,820,071</u>
<b>Expenses</b>		
Professional fees	25,552	29,471
Other	23,328	18,551
Salaries	233,617	223,628
Employee benefits	61,225	50,795
Board per diem	30,705	37,154
Insurance	11,752	19,394
Management fees, dues, and subscriptions	3,987	2,216
Depreciation	10,486	9,474
Member relations	36,862	23,743
Telephone	12,467	9,870
Rent	29,973	29,620
Travel	10,231	18,275
Outsourced services	<u>41,098</u>	<u>17,437</u>
Total expenses	<u>531,283</u>	<u>489,628</u>
Operating income	<u>897,051</u>	<u>2,330,443</u>
<b>Other Revenue</b>		
Interest income	<u>6,533</u>	<u>2,535</u>
Total other revenue	<u>6,533</u>	<u>2,535</u>
<b>Change in Net Assets</b>	903,584	2,332,978
<b>Net Assets, beginning of year</b>	<u>7,895,708</u>	<u>5,562,730</u>
<b>Net Assets, end of year</b>	<u>\$8,799,292</u>	<u>\$7,895,708</u>

The accompanying notes are an integral part of these statements.



**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Statements of Cash Flows  
Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from operations	\$1,457,215	\$2,816,190
Receipts from other sources	6,533	2,535
Payments to employees and employee-related costs	(291,888)	(269,047)
Payments for other operating expenses	<u>(270,587)</u>	<u>(227,315)</u>
Net cash provided by operating activities	<u>901,273</u>	<u>2,322,363</u>
<b>Cash Flows From Investing Activities</b>		
Equipment purchases	<u>(33,871)</u>	<u>(1,000)</u>
Net cash used by investing activities	<u>(33,871)</u>	<u>(1,000)</u>
<b>Net Increase in Cash</b>	867,402	2,321,363
<b>Cash, beginning of year</b>	<u>7,914,474</u>	<u>5,593,111</u>
<b>Cash, end of year</b>	<u><u>\$8,781,876</u></u>	<u><u>\$7,914,474</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in Net Assets	\$ 903,584	\$2,332,978
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	10,486	9,474
Change in operating assets and liabilities		
Accounts receivable	28,881	(3,881)
Prepaid expenses	(9,315)	(2,325)
Accounts payable	2,183	(13,581)
Deferred revenue	(37,500)	—
Other liabilities	<u>2,954</u>	<u>(302)</u>
Net cash provided by operating activities	<u><u>\$ 901,273</u></u>	<u><u>\$2,322,363</u></u>

The accompanying notes are an integral part of these statements.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Notes to Financial Statements  
December 31, 2011**

**Note 1-Significant Accounting Policies**

**A. Background and Financial Statement Presentation**

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") was created by Louisiana Legislature R.S. 33:4548. The Authority, which is a political subdivision of the State of Louisiana, was created for the purpose of assisting political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure, economic development and environmental facilities, and assisting in the financing of such needs by political subdivisions. Membership consists of municipalities, parishes, school boards and special districts.

The Authority has no taxing power and receives no appropriation from the State of Louisiana or any government body. Bonds issued by the Authority are limited obligations of the Authority, payable only from income, receipts and assets pursuant to trust indentures related to each bond issue. Accordingly, these financial statements include only the financial position and operations of the Authority and are not intended to include or present assets, liabilities or activities of various bond issues. The outstanding principal balance at December 31, 2011 and 2010 for Pool Programs and Projects was approximately \$4,207,224,483 and \$3,947,224,483, respectively.

**B. Basis of Accounting**

The Authority is considered an enterprise fund and, accordingly, uses the accrual method of accounting.

The Authority has adopted the provisions of Statement No. 34 (Statement 34) of GASB, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." Statement 34 established standards for external financial reporting for all state and local governmental entities, which include a statement of net assets, a statement of activities, and a direct method statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt, restricted and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt.* This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted.* This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted.* This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Notes to Financial Statements  
December 31, 2011**

**Note 1-Significant Accounting Policies (Continued)**

**C. Issuer, Application and Program Fees**

The Authority receives non-refundable issuer, application and program fees related to bond financing programs issued through the Authority. The Authority recognizes issuer, application and program fees as income when the respective bond programs are funded and the fees are earned.

**D. Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided using the straight-line method at various rates calculated to extinguish the book value of the respective items over their useful lives as follows:

Vehicles	5 years
Computer equipment	3 - 5 years
Office equipment	5 - 7 years

Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation expense was \$10,486 and \$9,474 for the years ended December 31, 2011 and 2010, respectively.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**F. Compensated Absences**

Employees earn vacation in varying amounts according to years of service as follows:

<u>Years Service</u>	<u>Vacation</u>
0-4	10 days/year
5-14	15 days/year
15-19	20 days/year
over 20	25 days/year

Employees accrue one working day of sick leave for each month of service. There is no maximum on accumulated sick leave.

Employees may accumulate vacation and sick leave time without limitation; however, only vacation leave is payable upon resignation, discharge, death, retirement, or removal due to reduction in force. Payment for vacation leave is limited to 300 hours under all circumstances. If an employee works until retirement eligibility, the accumulated unused sick leave is combined with vacation leave and applied toward retirement years.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority**  
**Notes to Financial Statements**  
**December 31, 2011**

**Note 2-Fixed Assets**

A summary of fixed assets, additions, retirements, and balances is as follows:

	<b>Balance December 31, 2010</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2011</b>
Vehicles	\$30,726	\$29,863	\$ (23,045)	\$37,544
Computer equipment	7,180	1,943	—	9,123
Office equipment	28,044	2,065	—	30,109
	<u>65,950</u>	<u>33,871</u>	<u>(23,045)</u>	<u>76,776</u>
Less accumulated depreciation:				
Vehicles	18,948	6,600	(23,045)	2,503
Computer equipment	2,783	1,994	—	4,777
Office equipment	20,777	1,892	—	22,669
Total accumulated depreciation	<u>42,508</u>	<u>10,486</u>	<u>(23,045)</u>	<u>29,949</u>
 Total fixed assets	 <u>\$23,442</u>	 <u>\$23,385</u>	 <u>\$ —</u>	 <u>\$46,827</u>

  

	<b>Balance December 31, 2009</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance December 31, 2010</b>
Vehicles	\$30,726	\$ —	\$ —	\$30,726
Computer equipment	6,180	1,000	—	7,180
Office equipment	28,044	—	—	28,044
	<u>64,950</u>	<u>1,000</u>	<u>—</u>	<u>65,950</u>
Less accumulated depreciation:				
Vehicles	12,802	6,146	—	18,948
Computer equipment	1,294	1,489	—	2,783
Office equipment	18,938	1,839	—	20,777
Total accumulated depreciation	<u>33,034</u>	<u>9,474</u>	<u>—</u>	<u>42,508</u>
 Total fixed assets	 <u>\$31,916</u>	 <u>\$(8,474)</u>	 <u>\$ —</u>	 <u>\$23,442</u>

**Note 3-Multi-Employer Pension Plan**

The Authority's full-time employees participate in Plan A of the Municipal Employee's Retirement System of Louisiana (the Plan), a multiple-employer municipal employee retirement system. The Authority's payroll for its employees covered by the Plan was \$233,617 and \$223,628 for the years ended December 31, 2011 and 2010, respectively.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Notes to Financial Statements  
December 31, 2011**

**Note 3-Multi-Employer Pension Plan (Continued)**

All employees of the Authority are required to participate in the Plan if they are under the age of 60, are full-time employees, and are not participating in another publicly funded retirement system. Any employee can retire provided he or she meets one of the following criteria: 1) any age with 25 or more years of credited service, or 2) age 60 with a minimum of 10 years of credited service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service, not to exceed 100% of the member's final salary. Employees become fully vested after 10 years of service. The plan also provides survivor's and disability benefits. Covered employees are required to contribute a percentage of their salary to the Plan (the rate is determined by the Plan and can fluctuate). The contributions required for the Authority for the years ended December 31, 2011 and 2010 were \$54,493 and \$42,484, which consisted of \$42,812 and \$33,544 from the Authority and \$11,681 and \$8,945 from the employees, respectively.

**Note 4-Lease**

The Authority leases its premises under a net operating lease which expires August 15, 2013. Current monthly rental payments amount to \$2,104. Future minimum lease payment obligations for this lease are as follows:

2012	\$25,245
2013	12,623

Rent expense for fiscal years 2011 and 2010 was \$29,973 and \$29,620, respectively.

**Note 5-Concentration of Risk**

At December 31, 2011, interest bearing accounts on deposit with one banking institution exceeded the \$250,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with its balances in cash, to minimize potential risk.

**Note 6-Subsequent Events**

The Authority evaluated all subsequent events through June 28, 2012, the date the financial statements were available to be issued. As a result, the Authority noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

HAWTHORN, WAYMOUTH & CARROLL, L.L.P.

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June 28, 2012

**Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Officers and Trustees  
Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Local Government Environmental Facilities and Community Development Authority as of and for the year ended December 31, 2011, and have issued our report thereon dated June 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Local Government Environmental Facilities and Community Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.

Yours truly,

A handwritten signature in cursive script that reads "Hawthorn, Wymouth & Ansell, LLP". The signature is written in dark ink and is positioned to the right of the "Yours truly," text.

**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Schedule of Findings and Questioned Costs  
December 31, 2011**

**Findings - Financial Statement Audit**

None.



**Louisiana Local Government Environmental Facilities  
and Community Development Authority  
Schedule of Prior Year Findings and Questioned Costs  
December 31, 2011**

**Findings - Financial Statement Audit**

None.